GOVERNMENT OF INDIA
ATOMIC ENERGY
LOK SABHA

UNSTARRED QUESTION NO:1492
ANSWERED ON:01.08.2001
ELECTRONIC CORPORATION OF INDIA
VSM (RETD.) COL. CHOUDHARY

Will the Minister of ATOMIC ENERGY be pleased to state:

(a) whether the Electronic Corporation of India Limited incurred huge loss during 1998-99;

(b) if so, the details thereof and the reasons therefor;

(c) whether the ECIL has not paid custom duty on certain test equipment imported during 1995;

(d) if so, the details thereof and the reasons therefor; and

(e) the action taken by the Government in this regard?

Answer

THE MINISTER OF STATE OF THE MINISTRY OF SMALL SCALE INDUSTRIES, AGRO AND RURAL INDUSTRIES, MINIS STATE IN THE DEPARTMENT OF PERSONNEL AND TRAINING, DEPARTMENT OF PENSIONS AND PENSIONERS WELFARE O F T H E MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES A N D PENSIONS A N D MINISTER O F STATE IN THE DEPARTMENTS OF ATOMIC ENERGY AND SPACE (SHRIMATI VASUNDHARA RAJE)

(a) & (b) Yes Sir. It is true that ECIL incurred a loss of Rs.59.12 crore during the financial year 1998-99. Electronics Corporation of India Limited (ECIL), a public sector undertaking of this Department, has done pioneering developmental work in the fields of computers, control systems and communications. The prime objectives of creating an indigenous base for the manufacture of professional grade electronics and nurturing import substitution capabilities have been substantially met by the company. The company however suffered losses in 1998-1999, an exceptionally difficult year dur to reasons beyond its control. ECIL faced constraints in the procurement of certain custom-built components from foreign sources in that year, which affected the execution of orders worth around Rs.116 crore (approximately), in addition to delay/non-receipt of certain anticipated orders valued at Rs.60 crore (approximately) which had been included in the production schedule for 1998-99. Consequently, ECIL achieved a production of only Rs.237.86 crore, as against Rs.310.53 crore achieved in 1997-98. The income worked out to Rs. 256.94 crore (gross) compared to Rs.347.85 crore achieved in 1997-98. This huge shortfall resulted in an unprecedented net loss of Rs.59.12 crore.

(c), (d) & (e) Yes Sir. It is true that the Company imported certain communication equipment for demonstration/tests for defence, which were cleared as duty free goods, by submitting an undertaking that the goods would be re-exported. However, some of these items, during extensive trials, were rendered unfit for re-export. The certificate of utilization issued by Ministry of Defence for these items was furnished to the customs authorities. The remaining inventory was not taken by Ministry of Defence due to changes in the users` requirement. Consequently, this equipment was diverted for in-house research and development. After these research and development efforts, this equipment is proposed to be offered to Ministry of Defence.